

Tesco Isle of Man Retirement Savings Plan

Tesco Lifestyle Regular Income Option

(One of three lifestyle investment options you can choose from)

This initially invests in the:

- Tesco Growth Phase which is made up of 70% Tesco Equity Fund and 30% Tesco Diversified Fund.

Then invests in the:

- Tesco Equity Fund
- Tesco Diversified Fund
- GBP Corporate Bond AAA-AA-A Fund
- Pre-retirement Fund
- Sterling Liquidity Fund (cash)

Regular income lifestyle overview

The Tesco Lifestyle Regular Income Option is designed for members looking to use their retirement savings to buy a guaranteed regular income (pension) and take their tax free cash at their target retirement age.

It's an investment strategy that offers you the potential to grow your retirement savings in the long term. As you get closer to retirement your savings are gradually moved (this is known as automatic switching) into funds suitable for members intending to buy an annuity.

An annuity is a type of insurance policy you can buy with your savings at retirement which will pay you a guaranteed income for life. With this option, your savings will aim to track the cost of buying an annuity as you approach your target retirement age.

The amount of guaranteed regular income (pension) you will receive will depend on the value of retirement savings and the annuity rate available when you buy it. Annuity rates can move up and down.

The Tesco Lifestyle Regular Income Option may not be suitable if you don't take your savings as guaranteed regular income at your target retirement age. It's important that you review your target retirement age on a regular basis, as it will determine how your money will be invested and when your investments will be moved. If it is not accurate then your savings could be moved at the wrong time and not in line with when you want to take your savings.

Investment breakdown

The chart shows how your money will be invested at the start of each year, as you approach your target retirement age.

If you are over 15 years from your target retirement age when you first become a member, most of your savings will be held in investments that are more likely to grow over the longer term.

As you approach your target retirement age, more of your savings will be held in less risky investments, as shown in the chart.

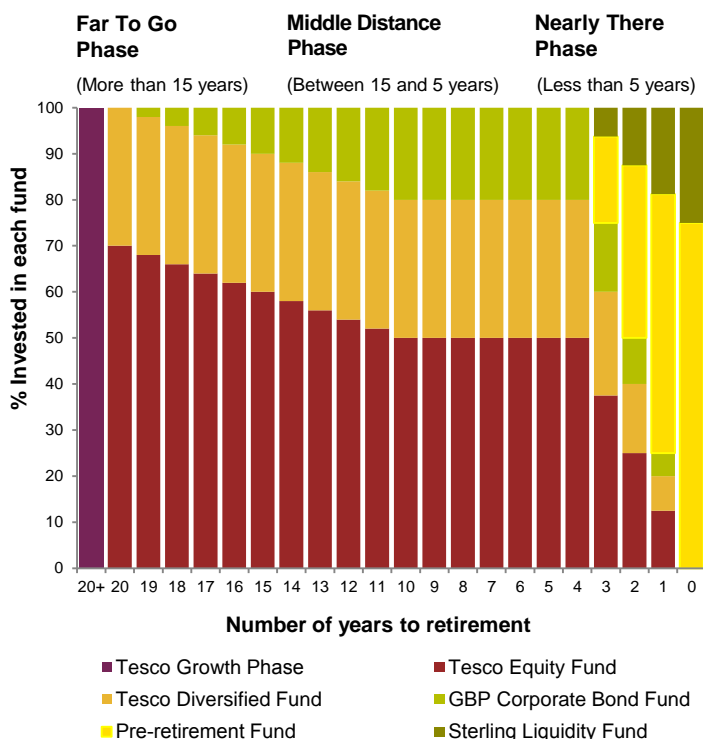
When you reach your target retirement age, your savings will be invested 75% in the Pre-retirement Fund and 25% in the Sterling Liquidity Fund. Collectively these investments are less likely to lose their value, just before you are expected to take them.

For further details of the funds included in the Tesco Lifestyle Regular Income Option you can contact Baker Tilly Isle of Man, the plan administrator, at:

tescolOMretirementsavingsplan@bakertillyiom.com

Please remember that the value of investments can go down as well as up. It's particularly important to remember this if you are close to taking your benefits.

Please read important information overleaf.



1. The Far to Go Phase

More than 15 years until your target retirement age

Aims for growth when you are younger with time to ride any ups and downs.

2. The Middle Distance Phase

Between 15 and 5 years until target retirement age

Aims for growth while also starting to protect your savings as you get closer to retirement

3. The Nearly There Phase

When you have fewer than 5 years to your target retirement age

Aims to provide some protection from fluctuations in annuity rates which will determine the level of guaranteed regular income your savings will be able to purchase for your retirement.

How frequently does automatic switching take place?

Annually until five years from retirement, quarterly thereafter

Automatic switching moves your retirement savings into different investments over a period of time with the aim of making your savings achieve your retirement plans.

This option has been carefully selected by your employer and their investment adviser as being appropriate for a specific objective, as detailed above.

Further Information

You can move your savings between investment options at any time. You can also change your retirement date and invest for longer to allow more time for your fund to grow. If you choose to leave your money invested in the Tesco Regular Income Option, all of your savings need to be invested in that lifestyle option – you can't invest in this at the same time as other individual funds that you select yourself.

Tesco Lifestyle Options are not risk free. You can find more detail about the risks associated with the funds in this Lifestyle Option in our fund factsheets.

If you're considering any changes or want more information about the full range of funds available to you, please speak to a financial advisor or contact Baker Tilly Isle of Man.